

houses. RMLs Scheme involves the borrower(s) mortgaging the house property to a lender, who then makes periodic payments to the borrower(s) during the latter's lifetime. Under the proposed RML Scheme, the borrower(s) or his/her/their heirs will have option to settle the loan along with accumulated interest without sale of property. The borrower(s) will also have the option to prepay the loan at any time during the loan tenor or later without any prepayment levy/penalty/charge for such prepayments.

(c) NHB has sought approval of the Reserve Bank of India to the proposed scheme.

#### **Share capital to UCBs**

2931. SHRI KAMAL AKHTAR: Will the Minister of FINANCE be pleased to state:

- (a) whether the working group formed by RBI to examine issue of share capital to UCBs has given its recommendations;
- (b) if so, the details thereof;
- (c) whether the group has recommended abolition or deferment of application of Income Tax on UCBs as most of them are undercapitalized due to difficulty in accessing capital and retained earnings are the only source of own capital for them;
- (d) if so, the action taken thereon and by when, the Income Tax would be abolished;
- (e) whether Government have taken into consideration comments of all the stakeholders in this matter; and
- (f) if so, the details thereof and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (by-Yes, Sir. The Working Group has submitted its recommendations to RBI. The Group has identified four new instruments to enable the UCBs to raise long term capital/quasi capital funds. These are:—

- (i) Unsecured, subordinated, non-convertible redeemable debentures/ bonds.

- (ii) Special shares which are non-voting in nature (as opposed to shares with membership rights) which could be issued even at a premium.
- (iii) Redeemable cumulative preference shares, and
- (iv) Long term subordinated deposits with maturity in excess of 15 years.
- (c) The Group has only recommended that Reserve Bank could suggest to the Government of India to defer the application of income tax on UCBs for a period of three years.
- (d) to (f) At present the report has been placed on the RBI's website for eliciting views/comments. The recommendations of the Group would be examined by RBI taking into consideration the feed back received, regulatory requirement of policy implications etc.

#### **Accountability in UCBs**

2932. SHRI KAMAL AKHTAR: Will the Minister of FINANCE be pleased to state:

- (a) whether the RBI is preoccupied with the concerns of the big, private banks and Nationalised banks and turning a blind eye towards UCBs and has washed its hand-off by just making vision document for UCBs;
- (b) if so, the steps taken/proposed to be taken by Government for better regulatory supervision, improved Governance Standards and accountability in UCBs;
- (c) the steps taken to simplify the complex controlling structure of UCBs as duality of control is the genesis of all the problems plaguing this sector; and
- (d) by when, a clear structure will come into existence so that UCBs can bloom to their full potential?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (d) No, Sir. In terms of the extant legislative framework in respect of UCBs certain powers like incorporation, registration, elections, management, amalgamation, reconstruction and liquidation of UCBs are vested in the Registrars of Cooperative Societies, while RBI is entrusted with matters relating to interest rates, loan policies, investments, prudential norms, risk management and issue/cancellation of bank/branch licenses, etc. In comparision with the powers of RBI over